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20 FEB 1959

I. Investments in Industry

(Although a fairly large amount of material on investments is available in open sources, these data do not break down investments in a consistent manner into categories which are sufficiently refined for our needs.)

A. Industrial investment information is available in the State Planning

Commission, Hauptabteilung Perspektivplanung, Abteilung Investitionen, Forschung und Technik. Similar information would be available in the Central Administration for Statistics.

B. Of considerable importance are industrial investment data for 1956-1958 and plan data for 1959-1965. These data are needed for both gross and net investment in the following areas:**(1) All Industry****(a) State Industry**

1. Centrally-controlled
2. Locally-controlled

(b) Private Industry**(2) Major industrial groups and significant branches within these groups, broken down as follows:****(a) Basic Materials Industries**

1. Coal (especially brown)
2. Power
3. Other mining
4. Ferrous metals
5. Nonferrous metals
6. Chemicals

(b) Metal Processing Industries

1. Heavy Machine Building
2. General Machine Building
3. Electrotechnical Equipment
4. Precision and Optical Equipment

(c) Light Industry

1. Textiles
2. Clothing

(d) Food Industry~~SECRET~~

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- C. It is important wherever possible to obtain with each document containing statistics, specific indications of coverage and measures used, e.g.:
- (1) Do the figures represent gross, net, "state" investment?
 - (2) Specific statements of the industrial coverage of the data:
 - (a) Are the figures on a ministry or branch of industry basis?
 - (b) Has the coverage changed within the period for which data are given?
 - (c) Are data stated in current or constant prices? If in constant prices, what is the price base?
- D. Also of considerable importance are indexes of prices (costs) ^{for purchases} of investment goods for all industry and for as many industrial branches as possible. This information should be available from the sources already mentioned and from the Ministry of Finance. Separate indexes for construction and equipment would be of importance.

II. Armaments and Military Expenditures

(These requirements supplement those of D/A/E which are included under the heading "State Budget - Sensitive Information on Expenditures")

- A. Budgetary data on East German military expenditures. These data would be located in the Ministry of Finance.
- B. Imports and exports of armaments, showing volume, prices and terms. This information would be found in the Ministry of Trade.
- C. Data showing the scheduling of production of armaments, of construction of military facilities, of the procurement of food and clothing. This information would be found in the State Planning Commission.

NOTE: An alternative organization for A., B. and C. would be the Ministry of Defense.

III. Production, Trade and Price Information on Industrial Items

A. Electrotechnical Area of the State Planning Commission

- (1) The Electrotechnical Area (Bereich Elektrotechnik) of the State Planning Commission, under the direction of Hubertus Bernicke, presently controls the VVEs under which plants producing electronics are organized. This area lies within the Machine Construction Section of the Department for Basic Industry and Machine Construction of the State Planning Commission. The three VVEs which exercise various

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degrees of control over enterprises producing electronics are: VVB fuer Bauelemente und Vakuumtechnik (Standard Components and Vacuum Technology), located in Berlin; VVB fuer Rundfunk und Fernsehen (Radio and Television), located in Leipzig; and VVB fuer Nachrichten und Messtechnik (Telecommunications and Measuring Technology), located in Berlin.

- (2) It is presumed that within this Electrotechnical Area data would be available on an aggregate level covering the planned and actual production of electronics. (Electronics production includes the production of components (tubes, semiconductor devices, resistors and capacitors); military electronic end items (radar and communications equipment); consumer entertainment end items (radios, television receivers); communications equipment (telephones, telegraph, television and broadcast equipment); electronics instruments and industrial control equipment). Overt reporting on electrotechnical production does not disclose the share produced by the electronics industry as against the electrical machinery, wire and cable industry.
- (3) Priority needs are: gross value of production of electronics; total labor force employed in the production of electronics; total investment in plants producing electronics; various prices of electronics end items with indications of the make-up of these prices -- particularly on the rate of tax applied to types of electronics --; trade by product, specifying quantity, value and destination. (Trade information would also be available in the Ministry of Trade)

B. Heavy and General Machine Construction Areas of the State Planning Commission

- (1) Heavy and General Machine Construction Areas fall under the Machine Construction Section of the Department for Basic Industry and Machine Construction of the State Planning Commission. [REDACTED]

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4 August 1958 -- [REDACTED] --, Heavy Machine Construction Area has the following five subdivisions: Fachgebiet I (Equipment for Heavy Industry, Mining Machinery and Conveyors, Steel Construction); Fachgebiet II (Shipbuilding Rail Vehicles, Diesel Motors, Pumps and Compressors); Fachgebiet III (Power Machinery); Fachgebiet IV (Machine Tools, Tools, Fixtures and Wood Processing Machinery); Fachgebiet V (Chemical Installations and Air Conditioners, Construction

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Machine Construction Area has the following subdivisions: Fachgebiet I (Automobile Construction, Farm Machinery and Tractor Construction); Fachgebiet II (Optics, Precision Mechanics, Office Machinery and Regulating Techniques), Fachgebiet III (Ballbearings, Standard Parts, Armatures); Fachgebiet IV (Textile Machinery, Polygraphic Machinery); Fachgebiet V (Food, Luxury Items and Packaging Machinery, Steel, Sheet Metal and Metal Goods)

(2) Again it is presumed that within these Machine Construction Areas there would be classified documents containing production, price and trade information on items of industrial, agricultural and transport equipment.

(3) Priority needs are:

(a) Production figures (in quantity and value)

1. Locomotives by types -- mainline, narrow-gauge, industrial and mining. (The East German handbook lumps all locomotives into one category for which unit production is given.)
2. Metalcutting and Metalforming Machine Tools. Total production in units and breakdown by types are needed. (Handbook gives breakdown for most types but omits boring mills, some gear machinery and multiple-spindle drilling machines.)
3. Turbines Broken down into steam and hydraulic. (Handbook provides no information on turbines.)
4. Generators. (No information on generators is provided in handbook.)
5. Anti-friction bearings. (Handbook gives no information)
6. Metallurgical equipment. (Handbook gives value figure for metallurgical equipment. A tonnage figure is needed. Handbook gives tonnage and value for rolling mill equipment. Needed is a breakdown by type and number and/or value of each type produced.)
7. Chemical equipment. (Handbook provides production of chemical equipment, including pumps and compressors in value terms. We need to have this broken down into (a) chemical equipment, (b) pumps and compressors. We also need production figures on a tonnage basis.

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(b) Trade, specifying quantity and value for each major type; also destination. (This information would also be available in the Ministry of Trade or in the pertinent DIA.)

1. Agricultural machinery
2. Metallurgical equipment
3. Turbines, generators and other electrical equipment
4. Chemical equipment
5. Metalcutting and metalforming machine tools.

(c) Domestic price information (An alternative source would be the Ministry of Finance)

1. Machine tools
2. Chemical equipment
3. Metallurgical equipment
4. Electrical equipment
5. Agricultural machinery
6. Transport equipment

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